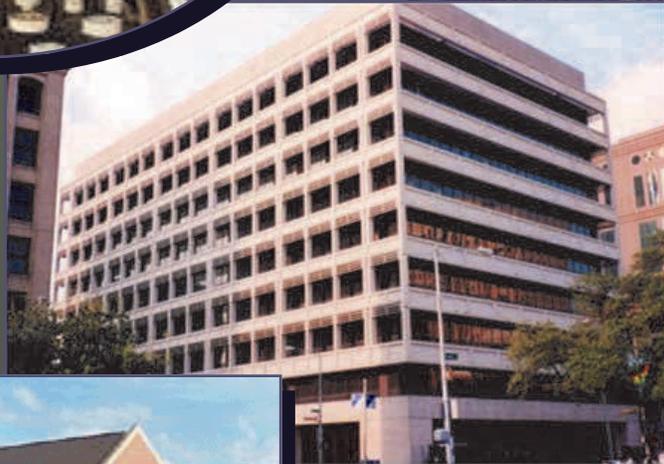


HARRIS COUNTY, TEXAS

Popular Annual Financial Report for the fiscal year ended February 28, 2013



**A Report for the Citizens of
Harris County, Texas**

**Barbara J. Schott, CPA
County Auditor**

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Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Harris County
Texas**

For its Annual
Financial Report
for the Fiscal Year Ended

February 29, 2012

Jeffrey R. Egan
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to Harris County, Texas for the fiscal year ended February 29, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentational understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reports is valid for a period of one year only. We believe our current report conforms to the Popular Annual Financial Reporting requirements, and therefore are submitting it to GFOA.



A Letter to the Citizens of Harris County:

I am pleased to present the Harris County Popular Annual Financial Report (PAFR) for the fiscal year ended February 28, 2013. The purpose of the report is to provide a snapshot of the County's financial performance and major initiatives as well as an overview of financial, economic, and demographic trends. Above all, it is designed to present a more easily understandable financial report. It also represents the County's ongoing commitment to keep Harris County citizens informed about the County's finances and to be accountable in all respects for the receipt and expenditures of public funds.



The financial information contained in this report has been derived from the 2013 Harris County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of approximately 210 pages of detailed financial statements, notes, schedules and reports. For financial reporting purposes, the Harris County Flood Control District, the Harris County Juvenile Board, and the Harris County Sports & Convention Corporation are included in the operations and activities of the County as blended component units of the primary government. Blended component units are legally separate entities that function as an integral part of the County's operations. The data from the blended component units are treated as funds of the County. The CAFR was audited by Deloitte & Touche, LLP, and received an unmodified opinion.

The Popular Annual Financial Report, which was prepared by the Harris County Auditor's Office, summarizes the financial activities of the primary government of Harris County. The reports and statements contained in the PAFR condense and simplify our 2013 Comprehensive Annual Financial Report for all Harris County funds. The information in this report is unaudited, and not in accordance with generally accepted accounting principles due to the condensed and simplified presentation and absence of notes to the financial statements.

As you review our Popular Annual Financial Report, I invite you to share any questions, concerns or recommendations you may have. Those seeking a deeper understanding of the County's finances are encouraged to review a copy of the County's CAFR. Questions concerning any data provided in the PAFR or requests for additional financial information should be addressed to the County Auditor's Office, 1001 Preston, Suite 800, Houston, Texas 77002 or by visiting the County's website at www.hctx.net/auditor.

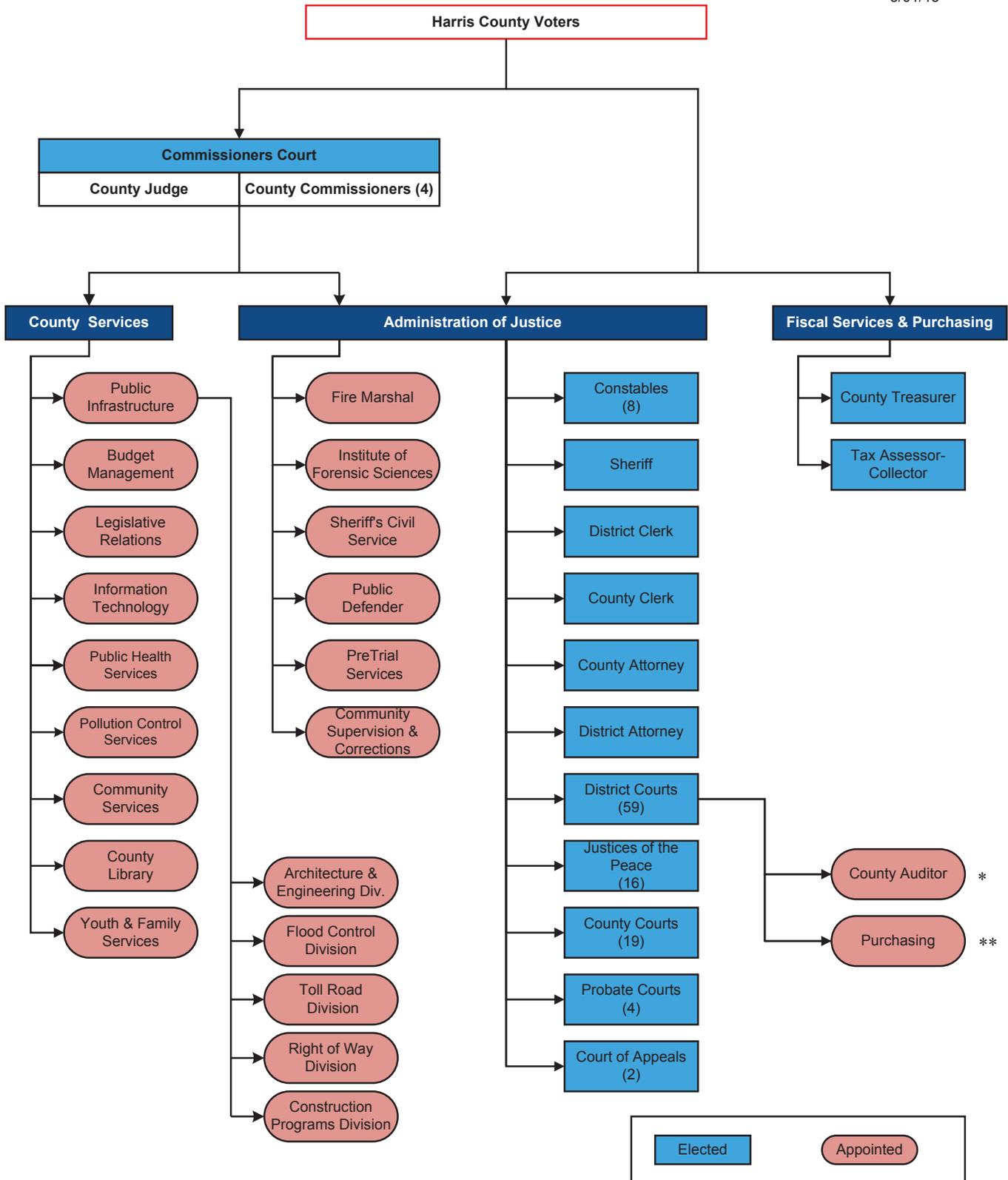
Sincerely,

A handwritten signature in blue ink that reads "Barbara J. Schott".

Barbara J. Schott, CPA
Harris County Auditor

Harris County Organization Chart

3/01/13



(1) Facilities & Property Management were under Public Infrastructure prior to 3/1/12.

* The County Auditor is appointed by the Board of District Judges.

** The Purchasing Agent is appointed by the Purchasing Board which is composed of three judges of the District Courts and two members of Commissioners Court.

Organization

Harris County had 14,847 employees at February 28, 2013. Administration of Justice, which includes law enforcement and the courts, accounts for the majority of employees. Twenty percent of County employees work in County Administration and 9 percent in Health and Human Services. The number of employees by function is displayed in the table below.

Number of Harris County Employees By Function for 2013 (as of 2/28/13)



Administration of Justice
8,723



County Administration
2,957



Health & Human Services
1,326



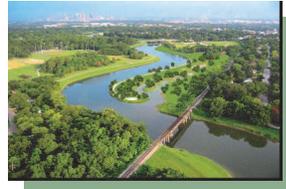
Road & Bridges
536



Parks
675



Tax Administration
340



Flood Control
290

TOTAL 14,847



Popular Sites on Harris County Website

Voter Information

County Clerk Election Information

Appraisal District

Search appraisal records, view and print parcel maps and forms

County Budget

County's Current Fiscal Year Budget

County Check Register

County's Check Register by Month

Auditor's Office Vendor Payment Search

County Expenditure Payments to employees and vendors

County Financials

County's Financial Statements and Reports

Current Tax Rates

Property and Hotel Occupancy Tax Rates Imposed by Harris County

Emergency Management

Real-time rainfall and flooding information

Employment Opportunities

Application and available openings

www.hctx.net

Profile of Harris County

A Brief History

Archeological sites in Harris County reveal evidence of human habitation as far back as 6,000 years ago. In 1528, the Texas Gulf Coast was claimed by Spain and in 1821 the region became part of an independent Mexico. The Mexican government granted Stephen F. Austin permission to establish a colony that included Harris County. In 1826, John R. Harris, one of the colony's early settlers, opened a store and built a saw mill where Brays Bayou joined Buffalo Bayou. After Texas became independent, Harrisburg County was formed, but in 1839, the county's name was changed to Harris County in honor of John R. Harris.

In 1836, two other early Harris County settlers, A. C. and John Allen, set aside a full square block in their original plat of Houston for a County Courthouse. It was called "Courthouse Square". In March of 1837, County government convened under the boughs of a Courthouse Square tree until a courthouse could be built. In 1838, the county's first courthouse was completed and was situated on the northwest corner of the square. It was a crude log cabin with a broad passage between the two rooms. On one side of the passage was a courtroom and the other was a jail. The jail was simply a square log box having neither doors nor windows. A trap door in the roof was used to lower prisoners inside with a ladder.



1884 Courthouse

In 1851, a two-story brick structure was built and stood staunchly until 1857, when "instability in the walls" raised fears and it was vacated. In 1860, a \$25,000 two story masonry structure was begun, but was converted into a Confederate ammunition factory and military officers' quarters. After the Civil War, repairs and remodeling went on for 15 years. In 1882, a storm damaged the building so badly it was declared unsafe and torn down to make room for a "larger and more pretentious building." A Victorian style structure costing \$98,000 and hailed as a "first class" courthouse was built in 1884. It stood for twenty five years before being replaced in 1910.



1910 County Courthouse

The fifth courthouse was constructed of pink Texas granite and brick, reaching 210 feet into the modest Houston skyline. In 1910, this was almost 100 feet above the highest point of any other Houston building. The stairwell and rotunda was lined with "the most perfectly matched marble in the United States". Every piece was measured and fitted at the Georgia quarry and the panels were placed so that the veins of the marble formed all kinds of figures - from owls and peacocks to women's figures. The courthouse attracted visitors from all over the country.

Geographic Location and Population

Harris County is located in the Gulf Coast region of Texas approximately 50 miles from the Gulf of Mexico and covers over 1,700 square miles with over 4.25 million residents. Harris County, the nation's third most populous, gained over 690,000 residents from the 2000 census to 2010.

Services

Harris County is a political subdivision of the State of Texas and Commissioners Court is the governing body of the County. It is composed of the County Judge elected from the County at large, and four Commissioners, each elected from a separate precinct, all elected for four year terms. The County Judge is the presiding officer of the Commissioners Court.

The County (the primary government) and its component units, solely or in cooperation with other local governmental entities, provide a full range of services as allowed by the Texas Constitution and Statutes including construction and maintenance of roads and bridges, health and housing services, social services, judicial and law enforcement, juvenile and adult justice programs, economic development, a library system, parks, recreation and cultural enrichment, flood control, a sports and entertainment complex, and general administration.

Harris County Component Units

- Harris County Flood Control District
- Harris County Hospital District, dba Harris Health System
- Harris County Juvenile Board
- Harris County Sports & Convention Corp.
- Children's Assessment Center Foundation, Inc.
- Mental Health & Mental Retardation Authority of Harris County
- Harris County Industrial Development Corp.
- Harris County Housing Finance Corp.
- Harris County Health Facilities Development Corp.
- Harris County Cultural Education Facilities Finance Corp.
- Friends of Countypets
- Harris County Redevelopment Authority

Harris County, Texas Operating Indicators—Fiscal Year 2012

Administration of Justice

9,209 cases investigated by the Medical Examiners Office
512,751 filings with the Justice of the Peace Courts
108,023 new cases filed with the County Courts
184,402 cases filed with the District Courts

County Administration

205,115,853 annual traffic on Harris County websites
554,367 real property filings

Health & Human Services

18,185 food inspections performed by PHES Dept.
Library program attendance of 413,516

Parks

167 active parks

Road & Bridges

6,531 road miles
631 toll road lane miles
33 bridge miles

Tax Administration

1,552,717 tax account statements
1,892,314 voter registrations

Source: Reported by County Departments



Texas Comptroller
Leadership Circle
Gold Member

For the fourth year in a row, the Texas Comptroller of Public Accounts awarded Harris County the **Gold Leadership Circle Award** for its efforts to make its finances open and accessible to all county residents.



The Harris County Auditor's Office

The County Auditor is responsible for the accounting and internal audit functions for Harris County, the Toll Road Authority and the Harris County Flood Control District. Although not all inclusive, the following enumerates the County Auditor's responsibilities:

- Strict enforcement of the laws governing county finances as set forth by state statute.
- Maintain the integrity of financial administration in County government by jointly approving or rejecting claims for disbursement of County funds as entrusted by law in a dual control system of "checks and balances" with Commissioners Court.
- Provides general oversight of the books and records of all County Officials which include statutory compliance and financial reviews.
- Keeps the general accounting records and prepares financial reports.
- Prescribes the system of accounting for the County.
- Audits the records and accounts of the various elected and appointed officials and department heads.
- Administers the County budgets as approved by the Commissioners Court.
- Forecast revenues for budgetary formulation purposes.
- Payroll processing.

The County Auditor is appointed by the State District Judges for a two-year term.

Mission Statement

To be an independent and progressive organization recognized for professionalism in carrying out the County Auditor's statutory duties and responsibilities.

Vision

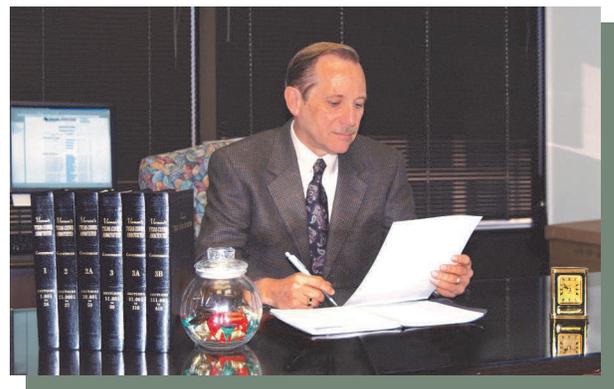
Create and maintain an environment of sound fiscal management and efficient financial operations at all levels of county government, while providing support to Commissioners Court, County Officials, Department Heads, and the public with the highest level of integrity and financial stewardship.

EXECUTIVE DIVISION

The Executive Division consists of the County Auditor and the Executive Administration Department. The Executive Administration Department is an operational support department within the Auditor's Office.

ACCOUNTING DIVISION

The Accounting Division consists of the accounting functions for the Auditor's Office that includes the following departments: Accounting Division Chief, Disbursements (Accounts Payable and Payroll Audit), Financial Accounting, Accounts Receivable, and Grants Accounting, Revenue Accounting, and Continuous Monitoring.



Mike Post
First Assistant & Accounting Division Chief

AUDIT DIVISION

This division includes the following departments: Audit Division Chief, Audit Services, Compliance Audit, Systems & Procedures, and Port Audit and Continuous Audit. The responsibilities of the Audit Division are to assist the County and other entities with the effective discharge of their responsibilities, including management's efforts to provide the public and concerned entities with financial accountability; minimizing exposure to contingent liabilities; safeguarding assets; and compliance with applicable policies, laws, regulations, and covenants, governing County finances.

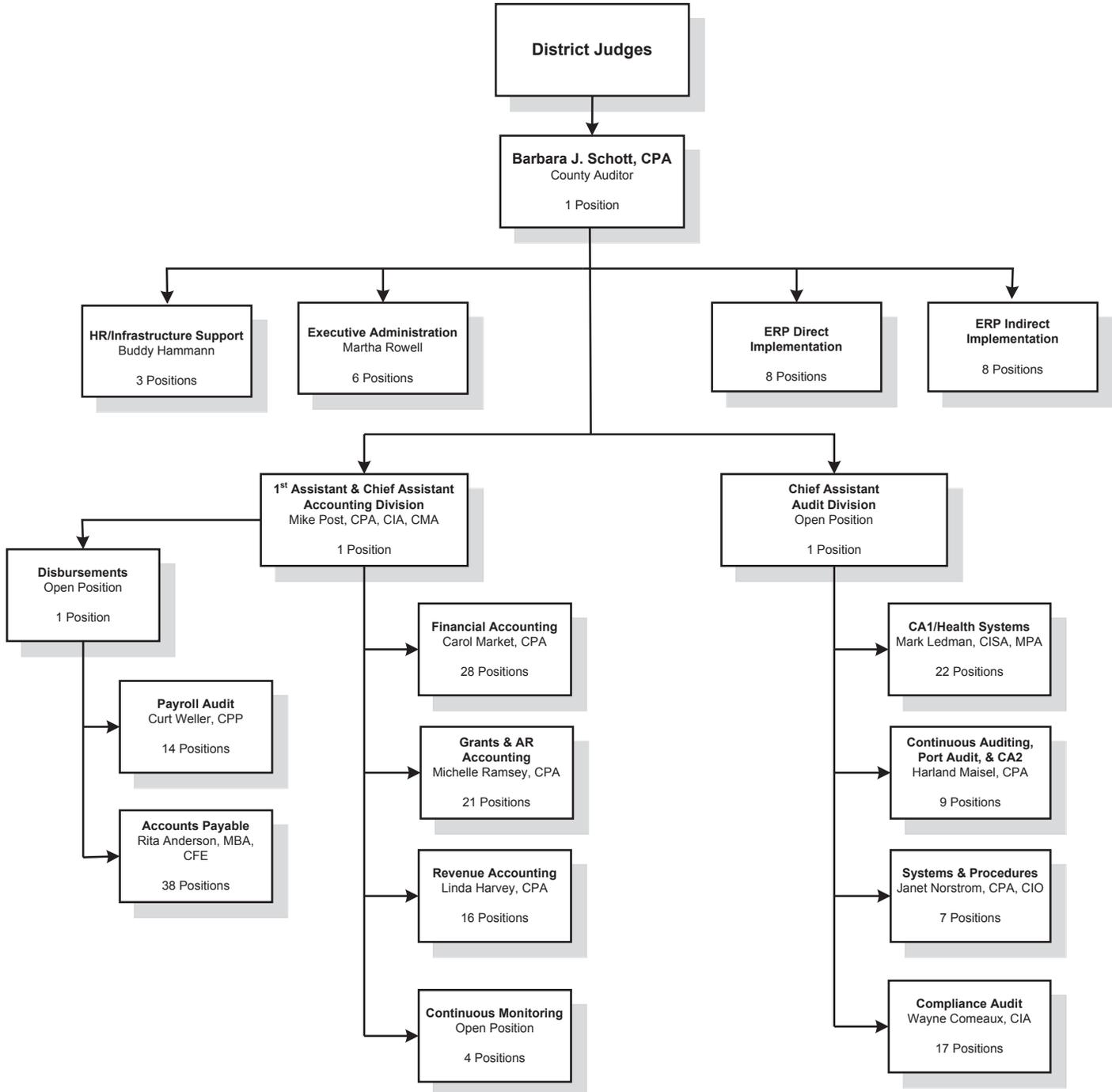




Harris County Auditor's Office

ORGANIZATION CHART

8/13



TOTALS: Executive Accounting Audit = 205
 26 123 56

(Funded Positions = 191)

Economic Outlook for Harris County

The Houston—Sugar Land—Baytown Metropolitan Statistical Area (“Houston MSA”), the fifth largest metropolitan area in the United States, had 2.7 million payroll jobs in September 2012, more than the job counts of 33 states. The Houston MSA’s gross area product in 2011 was \$442.4 billion, according to the Perryman Group. A 2008 *Kiplinger Personal Finance* article ranked the Houston MSA as the number one place to live in the United States, based on criteria such as a strong economy, abundant jobs, reasonable living costs and plentiful entertainment amenities.

The Houston Association of Realtors reported a 27.2 percent increase in single family home sales in April 2013 compared with April 2012. Housing inventory reached a 13-year low of 3.6 months during the first two months of 2013. The housing inventory dipped to 3.5 months in March, and then to 3.4 months in April 2013. In April 2013, the average sales price for a single-family home was \$253,907 and the median price was \$184,900.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile assembly of public and private facilities along the Houston Ship Channel. The Port is ranked first in the United States in foreign waterborne tonnage; first in U.S. imports; first in U.S. export tonnage and second in the U.S. in total tonnage.

The Houston Ship Channel is a 52-mile inland waterway which connects Houston to the Bay of Galveston, the Gulf Intra-coastal Waterway, and the Gulf of Mexico. It traces its origin to early trade on Buffalo Bayou and in 1837, the first steamboat, the *Laura*, ascended Buffalo Bayou to the town of Houston. Deepened and widened over the years, the Houston Ship Channel has become one of the busiest waterways in the United States and is home to the largest petrochemical complex in the world.



Houston Ship Channel

In addition to the County’s moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes local government that encourages business development, high capacity freeways, major rail lines, and state of the art telecommunication services. George Bush Intercontinental Airport, located approximately 23 miles north of downtown Houston, is the seventh busiest airport in the U.S. for international passengers and the 12th largest international air cargo gateway.

As of the 2010 U.S. Census, Harris County had a population of 4.1 million, making it the most populous county in Texas and the third most populous county in the United States, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-five companies on the 2012 *Fortune 500* list are headquartered in the Houston—Sugarland—Baytown Metropolitan Statistical Area. Only two metropolitan statistical areas have more *Fortune 500* headquarters, New York with 66 and Chicago with 29.

2012 Top 10 Corporate Employers in Harris County	
1. Exxon Mobil	13,000
2. Shell Oil Company	12,500
3. National Oilwell Varco Inc.	11,000
4. Chevron Companies	8,000
5. Baker Hughes Inc.	7,700
6. JP Morgan Chase	7,000
7. Halliburton	4,955
8. Centerpoint Energy	4,800
9. KBR Incorporated	4,600
10. Kinder Morgan Inc.	4,100

Source: Houston Business Journal, Harris County Community Services Dept., Office of Economic Development

The cost of living in Houston is among the lowest of all urban settings in the United States. According to the *2012 Annual Average Council for Community and Economic Research Cost of Living Index*, Houston has the second lowest cost of living among the nation's 20 most populous metropolitan areas. Houston's housing costs are 33.5 percent below the average for the 29 metro areas with more than 2 million residents, and its overall costs are 16.8 percent below the average for the metropolitan areas.

Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's three medical schools are the University of Texas Medical School, Baylor College of Medicine, and the Houston campus of the Texas A&M Health Science Center College of Medicine.

Cultural attractions within Houston include a thriving theater district and numerous museums. Year-round resident companies in the major performing arts include the Houston Symphony Orchestra, the Houston Grand Opera, the Houston Ballet, and the Alley Theater. Major museums include the Museum of Fine Arts, the Contemporary Arts Museum, and the Menil Collection.



Rice University

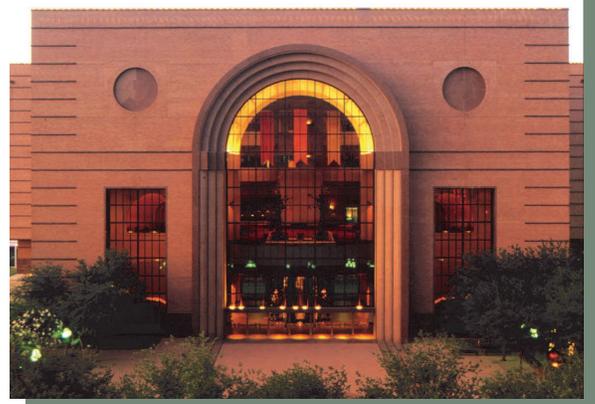


Harris County Hospital District, dba Harris Health System, is the public health care system for the nation's third most populous county.



Baylor College of Medicine

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are located in the Texas Medical Center, a non-profit organization devoted to health education, research and patient care. Located just south of downtown Houston, the Texas Medical Center includes three medical schools, six nursing schools, two schools of pharmacy, and schools of dentistry and public health. The Texas Medical Center is at the forefront of research and treatment of cancer and heart disease.



Wortham Center

Financial Policies and Major Initiatives

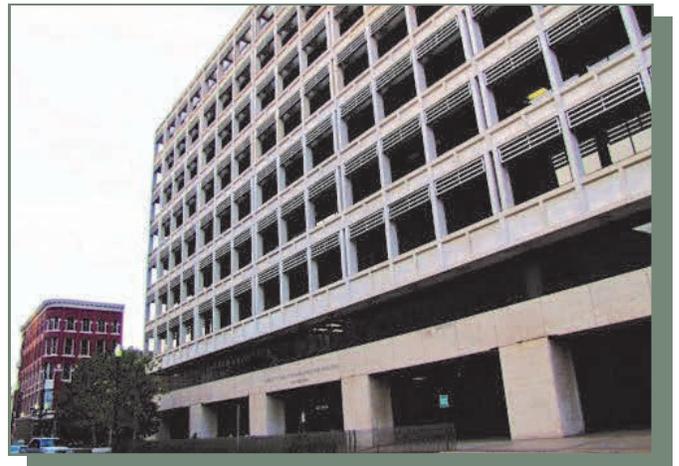
Financial Policies

Some of the County's financial policies and strategies are:

- The County will continue to focus on building reserves to maintain financial stability, maintain current high bond ratings; and continue to reduce the need for short-term borrowing under tax anticipation notes;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and
- A long-term funding strategy for the Sports & Convention Corporation will be developed to provide appropriate resources to fund expenses related to Reliant Stadium and all of the other facilities at Reliant Park.

Harris County Long Term Bond Ratings

<u>Bond Rating Service</u>	<u>Bond Rating</u>
Moody Investment Service, Inc.	Aaa
Standard & Poor's Rating Service	AAA
Fitch Group, Inc.	AAA



Harris County Administration Building

Fair Market Value Harris County Cash and Investments*

	<u>2013</u>	<u>2012</u>
U.S. Agency Notes	\$ 798,978,080	\$ 929,963,432
Commercial Paper	757,614,145	518,126,287
Money Market Mutual Funds	746,636,556	663,503,688
Local Governments	340,095,455	272,112,202
Cash and cash equivalents	<u>289,509,109</u>	<u>496,304,495</u>
Total Cash and Investments	<u>\$2,932,833,345</u>	<u>\$2,880,010,104</u>

*This schedule includes Fiduciary Funds.

Major Initiatives

Flood Control District - The District had \$151.3 million in available cash as of February 28, 2013 and ongoing activities relating to grants, inter-local agreements, specific project contingencies, and suspended project purchase orders that may be restarted. Projects include federal flood damage reduction projects, main channel flood drainage reduction projects, and tributary flood damage reduction projects.

Toll Road Authority - The Authority continues to move forward on projects authorized by Commissioners Court including the Hardy Toll Road Downtown Connector, widening portions of Sam Houston Tollway, managed lane projects on U.S. 290, and the Tomball Tollway.

Precinct Roads – In FY 2014, \$133.9 million in precinct road capital projects are available for bidding. Funding for current road and bridge projects primarily consists of the \$190 million in road bonds approved by voters in November 2007, the current METRO general mobility funding program, and the annual allocation transfers from the Toll Road Authority.

County Buildings - Various County facility projects are underway or are being considered. Some of the projects and estimated costs include the following:

Harris County Facilities Major Projects	
<u>Facility</u>	<u>Estimated Cost</u>
New Institute of Forensic Science facility	\$ 75,300,000
Build four Family Court areas in Civil Courthouse	9,500,000
Renovate and expand Transtar facility	8,300,000
Renovate Canal Street Records Warehouse	9,000,000
Elevator replacement at the 701 Jail	4,500,000
TOTAL	\$ 106,600,000



Construction under way at the Houston Transtar building will not only triple the size of the Harris County Emergency Operations Center but will create a new Metro EOC and provide for other expansion, including additional parking space.



The new Institute of Forensic Science facility.

Financial Position Statement

Summary

The Harris County Financial Position Statement, known in accounting terms as the "Statement of Net Position" presents the financial condition of the County at a specific point in time (in this case, as of the end of the County's fiscal years, February 28, 2013 and February 29, 2012).

Financial Statements Comments

The financial information in the Harris County Financial Position Statement and the Harris County Financial Activity Statement is derived from information presented in the Harris County's Comprehensive Annual Financial Report ("CAFR") for 2013. The CAFR is lengthy and somewhat complex. However, it is available on the County Auditor's webpage, which can be accessed from the County's website, www.harriscountytexas.gov/auditor. The condensed statements presented herein do not include the detail presented in the CAFR including footnotes required for full disclosure. In addition, the statements do not include information related to Harris County's discrete component units (separate legal entities whose financial information is provided in the CAFR separately from the County's financial information).

The CAFR distinguishes between Governmental Activities and Business-Type Activities. Governmental Activities are generally financed through taxes, intergovernmental revenues, fines, grants, etc. Business-Type Activities such as Harris County's Toll Road Authority are financed by fees charged to external parties for goods or services. The Financial Position Statement and the Financial Activity Statement included in the CAFR combine Governmental Activities and Business-Type Activities for reporting purposes.

Assets

Cash is the amount of physical cash held by the County in checking accounts and on-hand to pay expenses. **Investments** are funds not required to pay current expenses which are invested in a variety of securities such as U.S. government agency notes, commercial paper, money market mutual funds, and local government securities. This allows the County to earn interest on its surplus cash. Cash and investments increased during fiscal year 2013, as the County continues to rebuild cash reserves.

Receivables are amounts owed to the County by external parties and includes property taxes, accounts receivable, and notes receivable.

Capital assets include land, structures, improvements, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, and construction in progress. Capital assets (net of depreciation) decreased during the year, partially due to a decline in the amount of capital items donated and a reimbursement from TXDOT for a Toll Road project.

Other assets are assets that cannot be classified in any other asset category. These include prepaid accounts, inventory, and deferred charges. During fiscal year 2012 Deferred Outflows of \$83.9 million were included in other assets.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows consist of the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods. Deferred outflows were separated from assets during fiscal year 2013 as the result of the implementation of a new accounting standard.

Harris County Financial Position Statement

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 666,765,091	\$ 657,150,688
Investments	1,920,672,606	1,841,380,800
Receivables	338,932,013	294,432,063
Capital Assets	13,814,133,082	13,904,245,106
Other Assets	49,970,669	145,860,175
Total Assets	<u>16,790,473,461</u>	<u>16,843,068,832</u>
Deferred Outflows of Resources	<u>47,190,237</u>	<u>-</u>
Liabilities		
Amounts Owed to Employees & Vendors	254,928,647	280,573,922
Other Current Liabilities	133,623,738	109,557,406
Long Term Liabilities	5,889,825,702	6,055,805,595
Total Liabilities	<u>6,278,378,087</u>	<u>6,445,936,923</u>
Deferred Inflows of Resources	<u>79,253,133</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources		
Over Total Liabilities & Deferred Inflows of Resources	<u>\$10,480,032,478</u>	<u>\$10,397,131,909</u>

Fiduciary funds are excluded. Harris County Flood Control District, the Harris County Juvenile Board, and the Harris County Sports & Convention Corporation are included as blended component units of Harris County. Readers of the Financial Position Statement and the Financial Activity Statement should keep in mind that these statements are presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.

Liabilities

Amounts Owed to Employees and Vendors are funds the County owes individuals and companies for goods or services with expected payment due within 12 months.

Other Current Liabilities include unearned revenue and accrued interest.

Long Term Liabilities represent amounts owed for bonds, commercial paper, and notes the County has issued, as well as compensatory time, capital leases, judgments, other Post Employment Benefits (OPEB), pollution remediation obligations, and other long term liabilities. The County issues debt to finance an ongoing capital improvement program. During fiscal year 2012 Deferred Inflows of \$83.9 million were included in Long Term Liabilities.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods. Deferred Inflows were separated from liabilities during fiscal year 2013 as the results of implementation of a new accounting standard.

Total Assets & Deferred Outflows of Resources Over Total Liabilities & Deferred Inflows of Resources

This amount represents the difference between the assets of the County plus the deferred outflows and the liabilities owed plus the deferred inflows. This total may serve over time as a useful indicator of a government's financial position. In the case of the County, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$10,480,032,478 for fiscal year 2013 and \$10,397,131,909 for fiscal year 2012. The resources received exceeded the cost of services rendered during fiscal year 2013, increasing net position by \$82,900,569.

Capital Assets

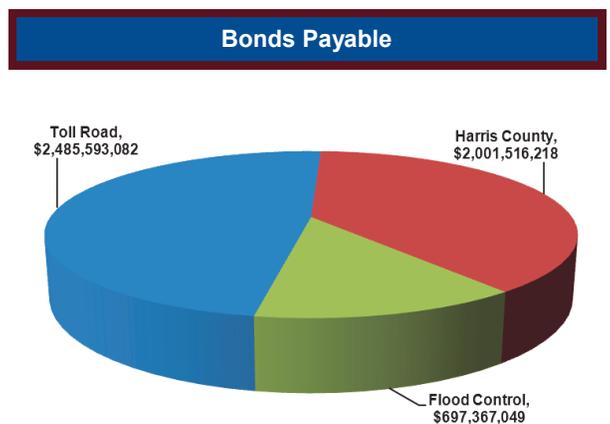
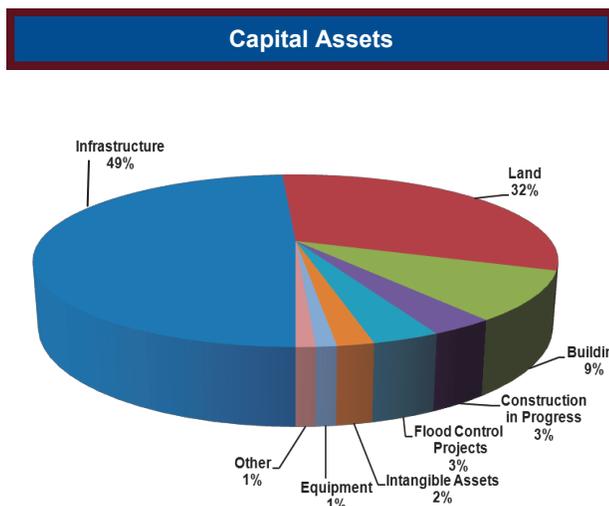
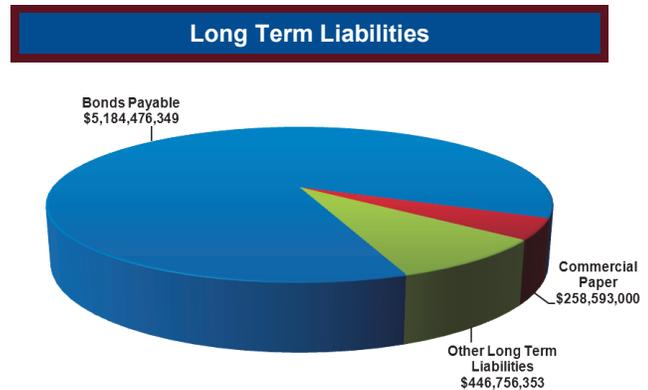
The County's capital assets include land, improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangi-

ble assets, and construction in progress. Major capital asset projects include the following:

- The County has several ongoing capital improvement projects, including renovations to the Administration Building and other buildings as well as improvements to County roads.
- The Flood Control District participated in ongoing flood damage reduction and mitigation projects in cooperation with the Federal Emergency Management Agency and the United States Army Corps of Engineers.
- The Harris County Toll Road Authority has several ongoing projects, including the Hardy Toll Road Downtown Connector and widening portions of Sam Houston Tollway.

Bonded Debt and Commercial Paper

Bonded debt of the County consists of various issues of General Obligation Bonds, Certificates of Obligation and Revenue Bonds. General Obligation Bonds and Certificates of Obligation are direct obligations of the County with the County's full faith and credit pledged toward the payment of this debt. Revenue Bonds are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued. In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets.



Financial Activity Statement

Summary

The Financial Activity Statement, known in accounting terms as the "Income Statement" provides a record of funds received and spent during the year. Explanations of specific resources and services are provided as follows.

Resources Received

Resources Received are monies the County receives from a variety of sources in order to pay for the services it provides.

Property and Hotel Occupancy Taxes of \$1,279,874,287 were the largest revenue source for governmental activities and 50% of total revenues. The tax rate was \$.40021 per \$100 of assessed value for fiscal year 2013. The taxable value increased in fiscal year 2013 to \$290,501,987,000 from the taxable value in the prior fiscal year of \$276,716,398,000.

Charges for Services are resources from various County departments and agencies for fees paid to them, such as fees collected by the tax collector, charges for patrol services, and court costs and fees. Toll Road receipts are also included as charges for services. Toll Road receipts increased \$40.8 million from fiscal year 2012 to fiscal year 2013.

Intergovernmental Revenue and Other Contributions include grants, reimbursements or contributions to the County from other governmental agencies. Capital grants and contributions decreased

from the prior year partially due to a decrease in receipts from FEMA related to the Brays Bayou Flood Control project and a decrease in capital asset donations, including dedicated roads and flood control projects.

Investment Earnings include interest earned, as well as realized and unrealized gains on County investments. Interest revenue for the Toll Road decreased \$12.5 million, partially due to a decrease in interest rates.

Miscellaneous Resources received are revenue receipts that cannot be classified in any other category.

County Ad Valorem Tax Rates

<u>Purpose</u>	<u>2012</u>
Harris County	
Maintenance & Operation	\$0.33271
County Debt Service	0.04468
Road Bond Debt Service	0.02282
Toll Road Authority Tax	
Bond Debt Service	-0-
Total Harris County Tax Rate	<u>0.40021</u>
Harris County Flood Control District	0.02809
Port of Houston Authority	
Debt Service	0.01952
Harris County Hospital District	
dba Harris Health Systems	<u>0.18216</u>
Total County-Wide Ad Valorem Tax Rate	<u>\$0.62998</u>

(Table reflects ad valorem tax rates per \$100 of assessed value levied by Harris County)

Harris County Financial Activity Statement		
	<u>2013</u>	<u>2012</u>
Resources Received		
Taxes	\$1,279,874,287	\$1,203,392,926
Charges for Services	844,578,644	776,287,034
Intergovernmental Revenue	382,487,062	441,514,164
Investment Earnings	34,892,003	53,706,060
Miscellaneous	<u>57,944,096</u>	<u>58,027,934</u>
Total Resources Received	<u>2,599,776,092</u>	<u>2,532,928,118</u>
Services Rendered		
Administration of Justice	901,902,506	882,195,617
Parks	90,628,900	95,479,059
County Administration	290,414,694	308,346,182
Health & Human Services	189,797,939	191,252,690
Flood Control	98,788,051	92,793,032
Tax Administration	33,833,801	32,951,333
Roads & Bridges	390,226,849	390,219,554
Interest & Fiscal Charges	125,529,948	127,403,125
Toll Road	386,047,272	368,627,153
Other Business Type Activity	<u>9,705,563</u>	<u>8,983,380</u>
Total Services Rendered	<u>2,516,875,523</u>	<u>2,498,251,125</u>
Resources Received over Services Rendered	<u>\$ 82,900,569</u>	<u>\$ 34,676,993</u>
Fiduciary Funds are excluded. Miscellaneous resources includes the gain on capital assets.		

Services Rendered

Services Rendered are the funds spent to provide services to citizens.

Administration of Justice expenses include the costs of administering justice through the civil and criminal courts, Pretrial Services, District Attorney, District Clerk, Medical Examiner, Juvenile Probation, Constables, and the Sheriff's Department. These expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, and fuel costs for patrol vehicles.

Parks expenses are the costs of maintaining the County's parks.

County Administration expenses are incurred for administrative offices including Commissioners Court, Budget Management, Auditor's Office, County Treasurer, Purchasing, County Attorney, Information Technology Center and other administrative areas of the County. These expenses decreased \$17.9 million from the prior fiscal year primarily as a result of closer monitoring of expenditures throughout the year.

Health and Human Services expenses include the costs of providing public health assistance, social services, economic development, and libraries.

Flood Control expenses are the costs to administer the Harris County Flood Control District and maintain the flood control system of drainage ditches and buyouts throughout the County.

Tax Administration expenses are the expenses incurred in the collection of taxes for the County.

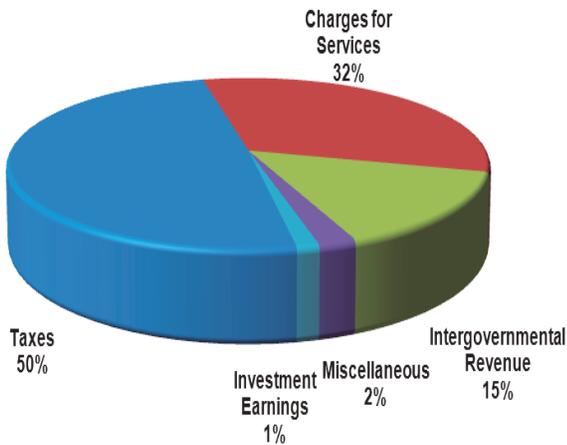
Roads and Bridges expenditures are the costs incurred to maintain County roads and bridges. The County owns and maintains over 6,000 miles of roads and bridges.

Interest and Fiscal Charges are primarily expenses related to the issuance and repayment of County bonds.

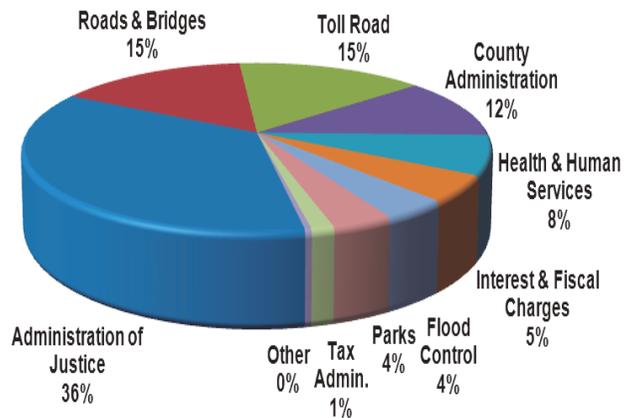
Toll Road expenses are the costs of operating the Harris County Toll Road Authority and maintaining the roads within the toll road system.

Other Business-Type Activities are services that are self-supporting through user charges. These include Subscriber Access, Parking Facilities, and the Sheriff's Commissary.

Resources By Source
Year Ended February 28, 2013

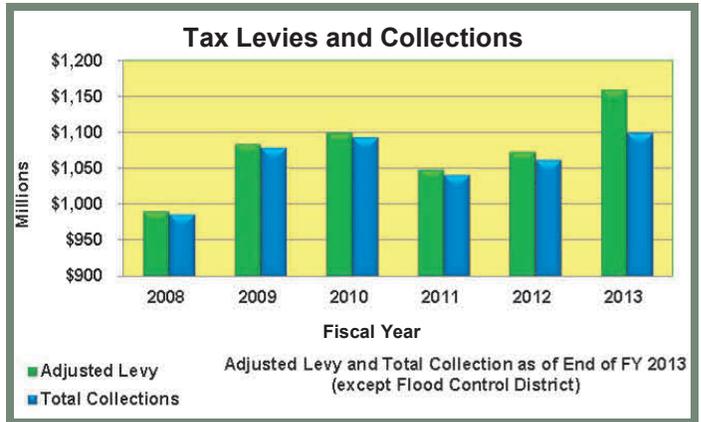
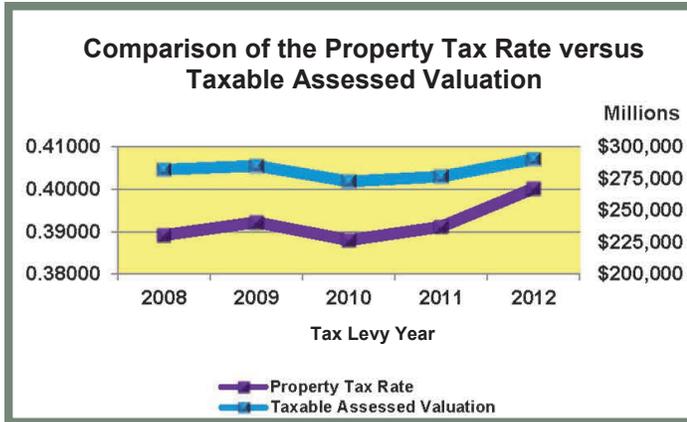


Expenses By Function
Year Ended February 28, 2013



Property Taxes

Property taxes are a large revenue source for governmental activities, and represents 49% of the total resources received. Tax rates are levied for maintenance and operations and debt service requirements. The respective tax rates which were adopted in 2012 for the County per \$100 of taxable value are: \$0.32798 for the General Fund, \$0.00473 for the Public Improvement Contingency Fund, and \$0.0675 for debt service, for a total of \$0.40021 for Harris County excluding component units. The taxable assessed value was 290,501,987,000 at February 28, 2013.



Harris County, Texas 2013 Principal Property Tax Payers (Unaudited)

Rank	Taxpayers	2012 Taxable Valuations (a) (amt. in thousands)	% of Total 2012 Taxable Valuation (b)
1	Exxon Mobil Corporation	\$ 3,049,210	1.05%
2	CenterPoint Energy, Inc.	2,458,242	0.85%
3	Shell Oil Company	2,146,430	0.74%
4	Chevron Chemical Company	1,805,850	0.62%
5	Hines Interests Ltd Partnership	1,393,328	0.48%
6	Crescent Real Estate	1,222,765	0.42%
7	National Oilwell Inc	1,202,593	0.41%
8	Hewlett Packard Company	1,128,141	0.39%
9	Equistar Chemicals LP	1,032,142	0.36%
10	Lyondell Chemical	825,232	0.28%
11	Walmart	815,969	0.28%
12	Houston Refining	762,242	0.26%
13	AT&T Mobility LLC	758,853	0.26%
14	Halliburton Company	678,610	0.23%
15	Valero Energy Corporation	571,888	0.20%
	Total	<u>\$19,851,495</u>	<u>6.83%</u>

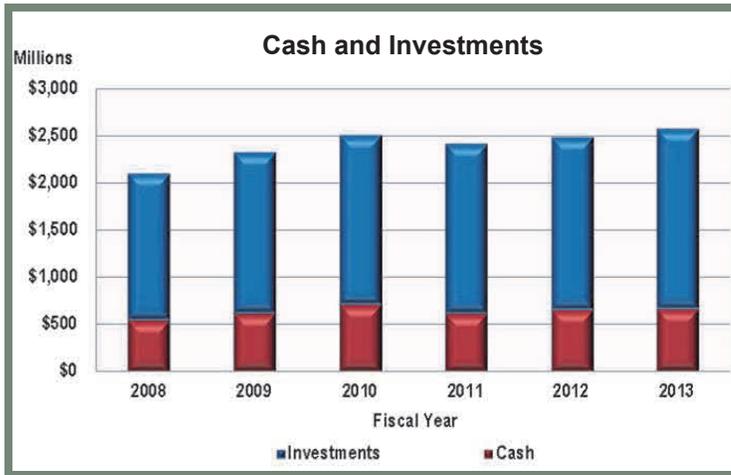
Source: Harris County Appraisal District.
 (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
 (b) Based on the County's total taxable value as of February 28, 2013.

Harris County, Texas 2013 Assessed Value Taxable Value By Type (Billions)

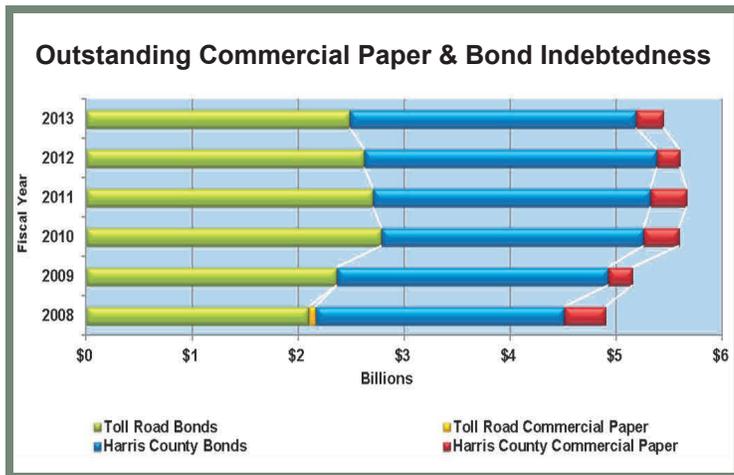
Rank	Taxable Type	2013 Total Taxable Assessed Value	% of Total
1	Residential & Rural Improved	\$117.768	40.54%
2	Commercial	68.937	23.73%
3	Industrial Personal	29.211	10.06%
4	Commercial Personal	24.733	8.51%
5	Apartments	19.777	6.81%
6	Industrial Real	16.538	5.69%
7	Vacant Land	8.896	3.06%
8	Utility	4.178	1.44%
9	Other	0.464	0.16%
		<u>\$290.502</u>	<u>100.00%</u>

Source: Harris County Appraisal Districts' Adjusted Certified Roll as of February 8, 2013.

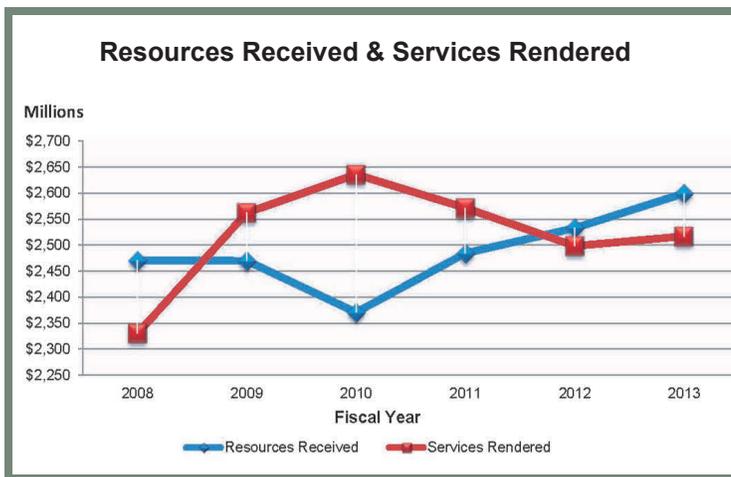
Government-wide Financial Trends



This graph includes cash and investments (excluding fiduciary funds) that are available for use as well as restricted cash and investments (and collateral held by others). Investments are stated at fair value.

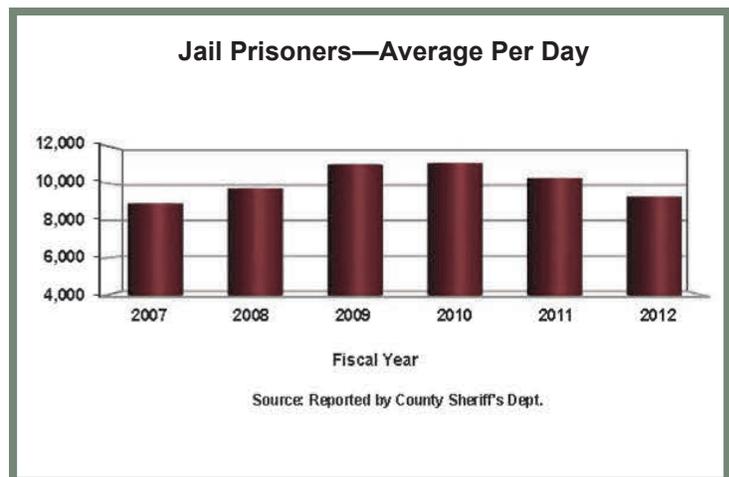
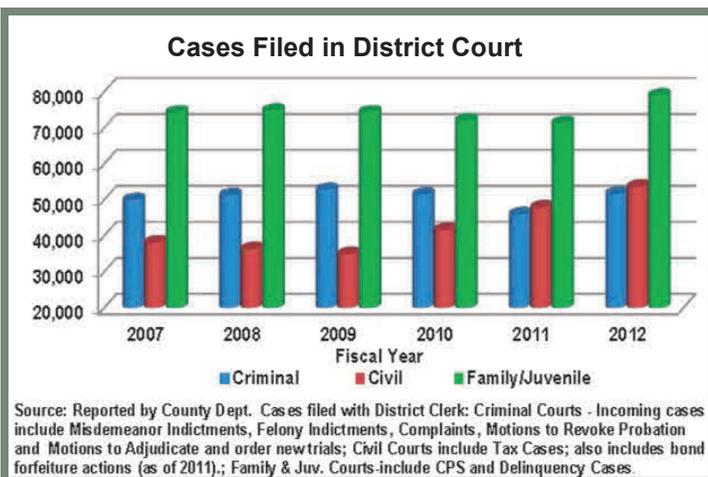
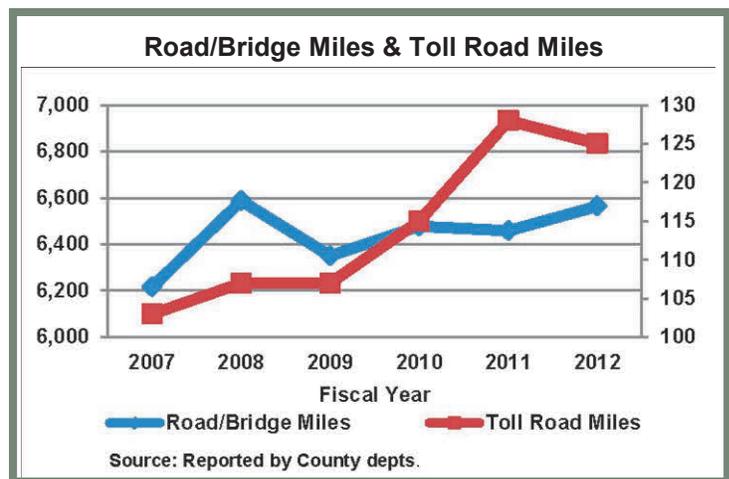
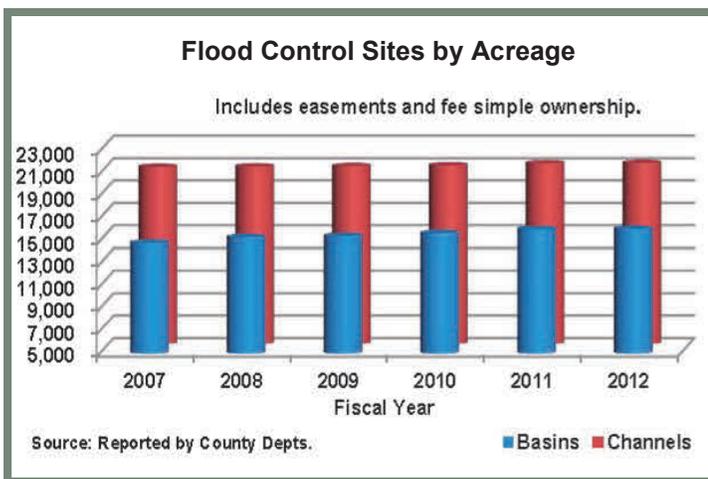
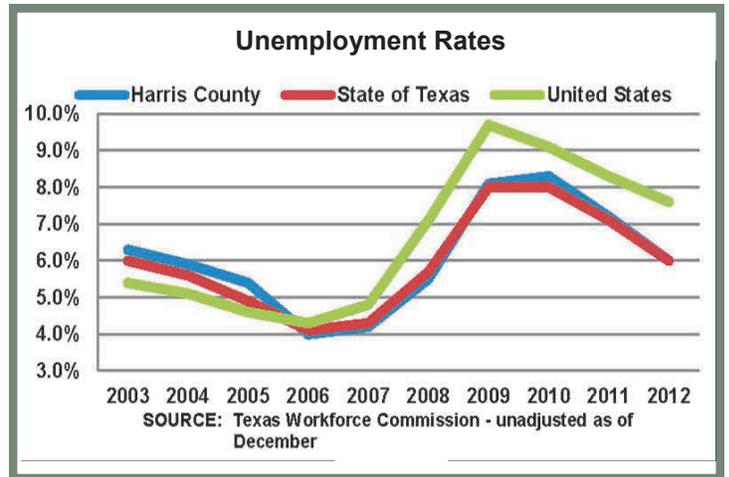
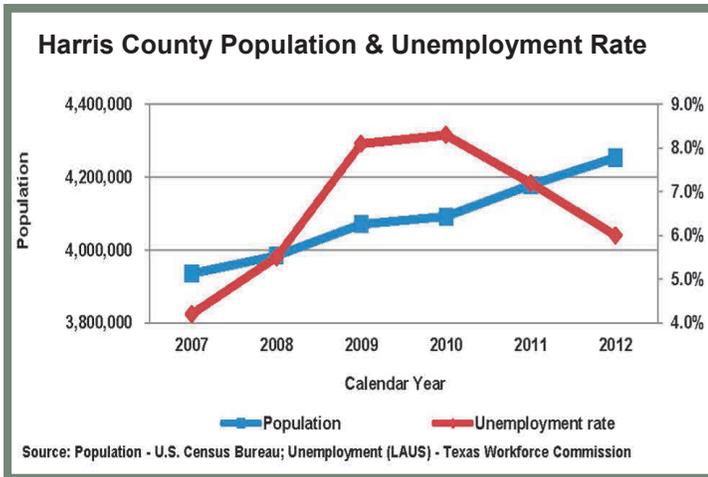


The County issues debt to finance an ongoing capital improvement program. Harris County Bonds also includes Flood Control bonds.

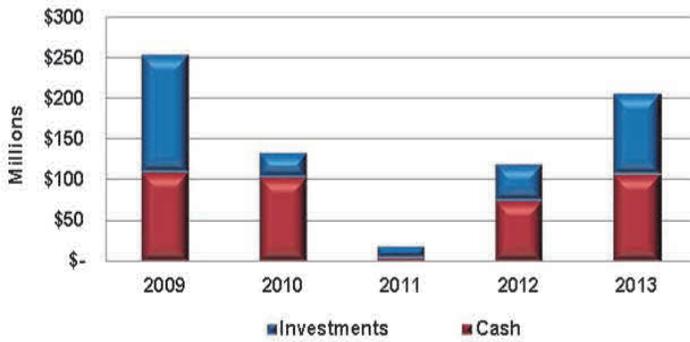


Resources received are monies the County receives from a variety of sources to pay for the services it provides. Services rendered are the funds spent to provide services to citizens.

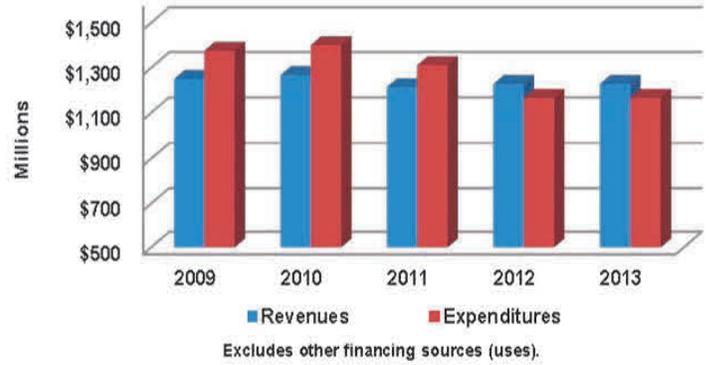
Demographics / Key Indicators



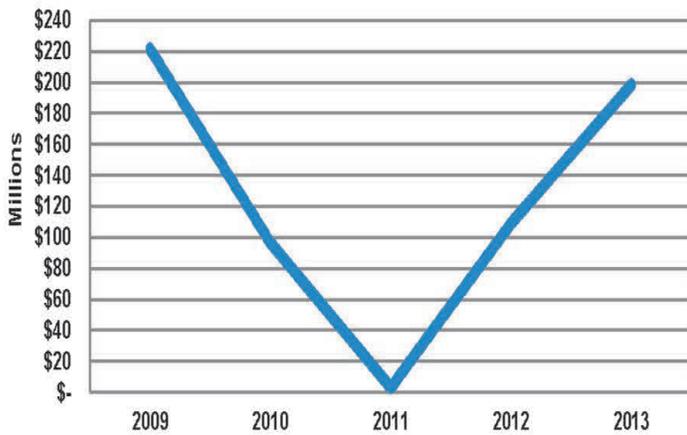
General Operating Fund Cash & Investment Comparison



General Operating Fund Revenue & Expenditure Comparison



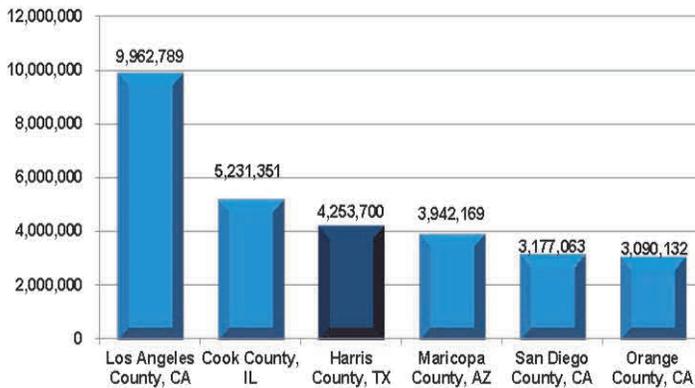
General Operating Fund Historical Fund Balance



Prior to fiscal year 2010 the General Fund included monies that were restricted for mobility/connectivity.

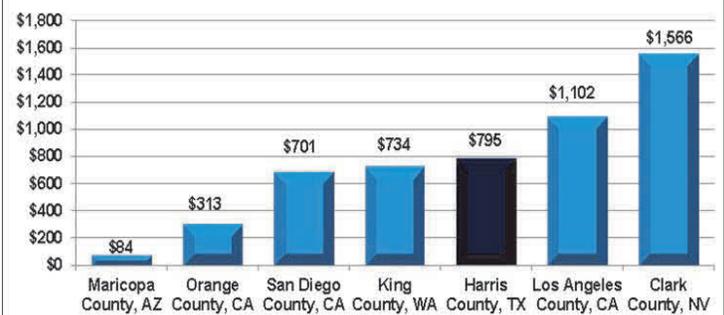


Harris County's Population is 3rd Largest in Nation



SOURCE: 2012 U.S. Census Bureau Reports

Governmental Activities Long Term Liabilities Per Capita (Person) Compared to Other Counties



SOURCE: Harris County Long Term Liabilities for Governmental Activities CAFR "Note 10" and the most current reported CAFR of each county

Harris County Elected Officials as of February 28, 2013

Commissioner's Court

County Judge	Emmett, Edward
Precinct 1	Lee, El Franco
Precinct 2	Morman, Jack
Precinct 3	Radack, Steve
Precinct 4	Cagle, R. Jack

Sheriff

Garcia, Adrian

District Attorney

Anderson, Mike

County Attorney

Ryan, Vince

Tax Assessor/Collector

Sullivan, Mike

District Clerk

Daniel, Chris

County Clerk

Stanart, Stan

County Treasurer

Sanchez, Orlando

Justices of the Peace

Precinct 1, Position 1	Gorczynski, Dale M.
Precinct 1, Position 2	Patronella, David M.
Precinct 2, Position 1	Delgado, JoAnn
Precinct 2, Position 2	Risner, George E.
Precinct 3, Position 1	Parrott, Mike
Precinct 3, Position 2	Coffey, Don
Precinct 4, Position 1	Adams, J. Kent
Precinct 4, Position 2	Lawrence, Tom
Precinct 5, Position 1	Ridgway, Russ
Precinct 5, Position 2	Williams, Jeffrey S.
Precinct 6, Position 1	Vara, Richard C.
Precinct 6, Position 2	Rodriguez, Armando V.
Precinct 7, Position 1	Green, Hilary
Precinct 7, Position 2	Burney, Zinetta
Precinct 8, Position 1	Williamson, Holly
Precinct 8, Position 2	Ditta, Louie

Constables

Precinct 1	Rosen, Alan
Precinct 2	Diaz, Christopher E.
Precinct 3	Jones, Ken
Precinct 4	Hickman, Ron
Precinct 5	Camus, Phil
Precinct 6	Trevino, Victor
Precinct 7	Walker, May
Precinct 8	Sandlin, Phil

District Judges - Civil Courts

11th District Court	Miller, Mike
55th District Court	Shadwick, Jeff
61st District Court	Bennett, Al
80th District Court	Weiman, Larry
113th District Court	Landrum Michael
125th District Court	Carter, Kyle
127th District Court	Sandill, R.K.
129th District Court	Gomez, Michael
133rd District Court	McFarland, Jaclanel
151st District Court	Engelhart, Mike
152nd District Court	Schaffer, Robert
157th District Court	Wilson, Randy
164th District Court	Smoots-Hogan, Alexandra
165th District Court	Ray, Elizabeth
189th District Court	Burke, Bill
190th District Court	Kerrigan, Patricia J.
215th District Court	Palmer, Elaine H.
234th District Court	Ward, Wesley
269th District Court	Hinde, Dan
270th District Court	Gamble, Brent
281st District Court	Matthews, Sylvia A.
295th District Court	Baker, Caroline E.
333rd District Court	Halbach, Joseph J. "Tad" Jr.
334th District Court	Wise, Ken

District Judges - Criminal Courts

174th District Court	Guerrero, Ruben
176th District Court	Bond, Stacey W.
177th District Court	Patrick, Ryan
178th District Court	Mendoza, David
179th District Court	Guiney, Kristin M.
180th District Court	Brown, Marc
182nd District Court	Barr, Jeannine
183rd District Court	Velasquez, Vanessa
184th District Court	Krocker, Jan
185th District Court	Brown, Susan
208th District Court	Collins, Denise
209th District Court	McSpadden, Michael
228th District Court	Carter, Marc
230th District Court	Hart, Brad
232nd District Court	Keel, Mary Lou
248th District Court	Cabaniss, Katherine
262nd District Court	Bradley, Denise
263rd District Court	Wallace, Jim
337th District Court	Magee, Renee
338th District Court	Thomas, Brock
339th District Court	Jackson, Maria T.
351st District Court	Ellis, Mark Kent

Harris County Elected Officials (cont'd.)

District Judges - Family Courts

245th District Court	Moore, Roy L.
246th District Court	York, Jim
247th District Court	Hellums, Bonnie Crane
257th District Court	Warne, Judy
280th District Court	Bradshaw-Hull, Lynn
308th District Court	Lombardino, James
309th District Court	Dean, Sheri Y.
310th District Court	Millard, Lisa
311th District Court	Pratt, Denise
312th District Court	Farr, David

District Judges - Juvenile Courts

313th District Court	Devlin, Glenn
314th District Court	Phillips, John
315th District Court	Schneider, Michael

County Courts - Civil

Court at Law No. 1	Mayfield, Debra Ibarra
Court at Law No. 2	Chang, Theresa
Court at Law No. 3	Storey, Linda
Court at Law No. 4	Lloyd, Roberta A.

County Courts - Criminal

Court at Law No. 1	Goodhart, Paula
Court at Law No. 2	Harmon, Bill
Court at Law No. 3	Fleming, Natalie C.
Court at Law No. 4	Clinton, John
Court at Law No. 5	Harris, Margaret
Court at Law No. 6	Standley, Larry
Court at Law No. 7	Derbyshire, Pam
Court at Law No. 8	Karahan, Jay
Court at Law No. 9	Wilkerson, Analia
Court at Law No. 10	Ross, Sherman
Court at Law No. 11	Bull, Diane
Court at Law No. 12	Brown, Robin
Court at Law No. 13	Smyth, Don
Court at Law No. 14	Fields, Michael R.
Court at Law No. 15	Hughes, Jean Sprading

Probate Courts

Court No. 1	Wright, Loyd
Court No. 2	Wood, Mike
Court No. 3	Olsen, Rory R.
Court No. 4	Butts, Christine

Court of Appeals

1st Court of Appeals	Radack, Sherry, Chief Justice
14th Court of Appeals	Hedges, Adele, Chief Justice

SELECTED APPOINTED OFFICIALS

Admin. Offices of The District Courts	Bowman, Clay
County Criminal Courts at Law Mgm't	Wells, Ed
Information Technology Center	High, Bruce
Children's Assessment Center	Stolte, Elaine
Protective Services for Children and Adults	Ford, George
Texas AgriLife Extension-Harris County	Williams-Willis, Linda
County Auditor	Schott, Barbara J.
County Library	Goldberg, Rhoda (resigned May 31, 2013)
	Lucik, Ron, (Interim, appointed June 1, 2013)
Pre Trial Services	Oeller, Carol
Domestic Relations	Simpson, David W.
Greater Harris Co. 9-1-1 Emergency Network	Rau, Russell
Fire and Emergency Services	Montgomery, Michael S.
Community Services Department	Turkel, David B.
Juvenile Probation	Brooks, Tom
Management Services	Jackson, William J.
Institute of Forensic Sciences (ME)	Sanchez, Luis A. MD
Public Health & Environmental Services	Palacio, Herminia, MD (resigned May 3, 2013)
	Shah, Umair A., MD (appointed May 4, 2013)
Public Infrastructure Department	Storey, Arthur L., Jr
Purchasing	Johnson, Kelly E. (resigned June 2013)
	Doplauf, DeWight (appointed July 1, 2013)
Sheriff Civil Services	Mims, William H. Jr.





HARRIS COUNTY, TEXAS

Information Sources

The following sources were used to compile this report:

Greater Houston Partnership
Harris County Toll Road Authority
Harris County Flood Control District
Houston Association of Realtors
Metropolitan Transit Authority
Port of Houston Authority
Handbook of Texas Online

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